



# Cash Counts Audit

## StarMetro

Report AR-2306  
August 4, 2023

### Why We Did This Audit

The purpose of our audit was to determine whether petty cash/imprest funds existed as recorded in City records and were properly accounted for at the time of the cash count. The audit objectives were to: 1) determine whether StarMetro properly maintained its petty cash/imprest fund, 2) ensure the funds were reasonably safeguarded from loss, and 3) provide recommendations to strengthen and improve internal controls if issues were identified.

### What We Found

Our surprise cash counts at StarMetro determined the imprest funds were utilized for cashiering operations. While some internal controls were in place, the funds were not properly maintained or reasonably safeguarded. We identified areas for improvement to enhance internal controls and compliance with the Administrative Policies and Procedures No. 614 (APP 614), *City of Tallahassee Policy on Petty Cash Disbursements*. Specifically, we noted the following:

- At C.K. Steele Plaza, cash was left in the inoperable ticket vending machine (TVM),
- Access to the imprest fund was not restricted to fund custodians,
- The reconciliation process used to account for the imprest fund needs improvement,
- StarMetro policies and procedures did not include sufficient detail to instruct and guide staff in the completion of their duties.

### HIGHLIGHTS

**Scope:**

Imprest funds  
maintained by StarMetro

**Conducted:**

Surprise Cash Counts  
Reconciliations of Funds:  
Appleyard main office and  
C.K. Steele Plaza

**Interviewed:**

StarMetro Staff

**Reviewed:**

Significant Processes  
Adequacy of Relevant Controls

**Audit Period:**

April-June 2022

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## Background

APP 614 defines an imprest fund as a fixed or petty cash fund in the form of currency or coin that has been advanced as funds held outside of the Revenue Division of the Office of the City Treasurer-Clerk (Revenue Division). Imprest funds are authorized and established for two primary purposes: 1) petty cash or other small disbursements, and 2) cashiering operations at City “point of sale” locations (e.g., golf course pro shops and City-owned parking facilities).

A total of 16 imprest funds have been established within the City. Appropriate controls are necessary to safeguard and account for petty cash/imprest funds due to the inherent risk of loss associated with cash. Similarly, adequate controls are required to ensure disbursements of those funds are made only for authorized and proper purposes. As it relates to this audit of imprest funds issued to StarMetro, the following table shows the locations of those imprest funds and the amounts authorized.

<b>Imprest Fund Locations</b>	<b>Amount</b>
Appleyard Main Office	\$1,690
C.K. Steele Plaza	6,000
Ticket Vending Machine	1,800
<b>Total</b>	<b>\$9,490</b>

Good business practices provide that each petty cash transaction be supported by sufficient documentation (e.g., vendor or sales receipts), approved by appropriate managerial staff, and accurately recorded in the City’s accounting system. In recent years, the need for petty cash funds within City departments has diminished due to the extensive use of City Purchase Cards (P-Cards).

## Observation 1 - Imprest Fund Security

APP 614 requires the department to secure the petty cash/imprest fund in a safe or other lockable cabinet and restrict access to fund custodians.

During the audit, we observed the following:

- The imprest fund at the Appleyard main office was located within the cash counting room, which had restricted security badge access,
- The imprest fund at C.K. Steele Plaza was located within the ticketing booth, which had restricted security badge access,
- The TVM was located behind a locked security gate outside the ticketing booth at C.K. Steele Plaza. The imprest fund for the TVM was located within the cash components of the machine, which were secured with internal key locks.

### Physical Security

Our cash count of the TVM showed it contained \$2,412.50. The variance between the \$1,800 authorized for the TVM and the amount on hand at the time of the count was attributable to ticket sales, and such a difference is normal in the ordinary course of business. However, at the time of the count, staff informed us the TVM was not operational and had been out of service for an extended period of time. Therefore the monies were left in an inoperable vending machine, thereby increasing the risk loss or theft would not be detected timely. While the TVM has multiple security layers, monies should not be left in the TVM when it cannot be readily repaired or replaced. When this was brought to management's attention, the \$2,412.50 was removed from the TVM.

### Access Authorization

We reviewed the list of individuals with security badge access to the Appleyard office's cash counting room (where the imprest fund is maintained) and noted seven employees had access to the room. Of those seven employees, we identified one individual, a Fleet Management Supervisor, who was not a fund custodian and did not have a business purpose to access the monies in the cash counting room. We also reviewed the list of individuals assigned keys to access the cash within the TVM. Our review of that list identified one individual, a StarMetro Business Systems Analyst, who was not a fund custodian and had been assigned keys, which allowed access to the cash components of the TVM.

***APP 614  
requires the  
department to  
secure the petty  
cash/imprest  
fund in a safe  
or other  
lockable  
cabinet and  
restrict access  
to fund  
custodians.***

Allowing individuals who are not fund custodians and/or individuals without a business purpose the ability to access the imprest fund increases the risk of loss or theft of those funds without timely detection. Accordingly, **we recommend** management review the individuals who have access to the imprest fund and:

1. Determine if continued access by those individuals is reasonable and necessary,
2. Remove access for those individuals where it is not appropriate, and
3. Develop a process to periodically review the list of individuals with access.

### **Management's Corrective Action**

The badge access list and fund custodian list will be reviewed and updated by management. A copy of the fund custodian list will also be provided to the Revenue Division.

**Completion Date:**  
July 28, 2023

**Responsible Party:**  
Dominique Maddox



## Observation 2 - Imprest Fund Reconciliation

As it relates to the accountability of petty cash/imprest funds, APP 614 states the fund custodians' supervisor should periodically inspect the records and count the cash while in the continued presence of a custodian. Additionally, APP 614 requires management to monitor previously identified problems to ensure they are corrected.

### Reconciliation Spreadsheet

StarMetro uses an Excel spreadsheet to facilitate compliance with APP 614 and assist in the reconciliation of the imprest fund. Our review of that spreadsheet identified the following errors:

- The spreadsheet showed a fund amount of \$7,690; however, Revenue Division records indicated an authorized fund amount of \$9,490 (see table in Background). We determined the variance of \$1,800 was due to the omission of the amount issued by the Revenue Division for the TVM from the spreadsheet.
- The spreadsheet contained several formula errors resulting in inaccurate calculations.

Due to the above-noted errors in the spreadsheet used to reconcile the imprest fund issued to StarMetro, the reconciliations of the imprest fund were incomplete and inaccurate. With inaccurate reconciliations, there is an increased risk of loss or theft of funds without timely detection.

### Management Oversight

During our review of the spreadsheet used to reconcile the imprest fund, we noted a \$211 cash shortage from one cashier's drawer was shown as a reconciling item. Based on an audit inquiry, we determined the variance was due to a banker's bag containing \$200 less than was issued. The shortage was first reported on the spreadsheet as part of the August 4, 2021, reconciliation and had not been resolved as of the time of the audit. An additional \$11 shortage was shown on the spreadsheet and was noted as attributable to \$11 missing from a bundle of \$1 bills marked as \$50. In both instances, the variance was noted on the reconciliation but had not been resolved. Without timely resolution of reconciling items, the City's accounting records do not accurately reflect the status of the imprest fund assigned to StarMetro.

***APP 614 states the fund custodians' supervisor should periodically inspect the records and count the cash, while in the continued presence of a custodian.***

**We recommend** Management improve the reconciliation process for the imprest fund with which it has been entrusted to ensure proper accountability of the fund and business activity associated with the fund. Additionally, we recommend StarMetro management take appropriate action to ensure the reconciling item(s) in the imprest fund reconciliation (i.e., \$211 cash shortage) is properly resolved and reported to the Revenue Division.

**Management's  
Corrective Action**

Both items noted were resolved on July 11, 2022, and the correction has since been reported to the Revenue Division. The reconciliation process was also revamped in April 2023.

**Completion Date:**  
July 2022 and April 2023

**Responsible Party:**  
Dominique Maddox





### Observation 3 - Policies and Procedures

According to APP 630, *Internal Control Guidelines*, proper internal controls require the design and use of adequate policies and procedures to provide reasonable assurance transactions and events will be properly recorded. Moreover, APP 614 specifies that written procedures should include 1) the forms and records used, 2) the timing and method for supervisory approval, and 3) any other processes to ensure accountability of imprest funds.

In addition to our review of the TVM procedure reported in Observation 1, we reviewed the following StarMetro procedures:

- *Policies and Procedures for Cash Box Handling*
- *Information Clerk/Cashier Procedures*
- *Pass Revenue Ordering and Processing Procedures*

During our review, we noted the procedures did not include sufficient detail to instruct and guide staff in the completion of their duties. For example:

- The Excel spreadsheet used in the reconciliation of the imprest fund (noted in Observation 2) was not included in the procedures,
- The process for correcting cash variances identified during reconciliation was not defined,
- The procedure relating to the operation of the security system at C.K. Steele Plaza was not sufficient to guide staff in its use, and
- The procedure for the preparation and transfer of funds between C.K. Steele and the StarMetro main office was not sufficient to guide and direct staff in the completion of the process.

During the surprise cash count at the Appleyard main office, we observed a box containing torn and otherwise non-negotiable currency. When we inquired as to the procedures for handling non-negotiable currency, we learned there was no written procedure for the disposition of non-negotiable currency.

**We recommend** Management map current processes and update procedures to provide sufficient detail and enhance the accountability of imprest funds.

#### **Management's Corrective Action**

Our standard operating procedures are currently under review and will be updated and/or replaced as needed.

**Completion Date:**  
July 28, 2023

**Responsible Party:**  
Dominique Maddox

## **Conclusion**

We determined the imprest funds held by StarMetro were utilized for cashiering operations and improvements were needed in the areas of security, the reconciliation process, and policies and procedures.

## **Appointed Official's Response**

We appreciate the Inspector General's thorough evaluation of StarMetro's cash count process and your support of management's enhancements towards continuous improvement.

## **Acknowledgements**

We would like to express our appreciation to StarMetro management, Customer Operations management, and all staff for their cooperation and assistance during this audit.

## **Project Team**

**Engagement conducted by:** Johnny Hawkins, CIGA - Staff Auditor

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## **Statement of Accordance**

The Office of Inspector General's mission is to advance integrity, accountability, transparency, and efficiency and effectiveness within City government by providing professional, independent, and objective audit and investigative services.

We conducted this audit in conformance with the Institute of Internal Auditors International Standards for the Professional Practice of Internal Auditing and Generally Accepted Government Auditing Standards. Those standards require we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe the evidence obtained provides a reasonable basis for our findings and conclusions based on our objectives.

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